

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2355-03
Bill No.: SCS for HB 1041
Subject: Cities: Tourism Tax
Type: Revised
Date: May 13, 2002

Revised per Oversight Sub-Committee on May 13, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or Numberlosses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** stated that this proposal expands the purposes for which local tourism taxes can be used, and would have no fiscal impact to DOR

Officials of the **Department of Economic Development- Division of Tourism** stated that this proposal would have no fiscal impact.

Oversight assumes this proposal is enabling legislation and would have no state fiscal impact. Local governments would have no fiscal impact without action of their governing body with local voter approval.

Certain local governments would have the option of using 35% of the tax collected for capital improvements. This proposal does not require the governing bodies of certain size cities to set aside 35% of tax collections for city capital improvements. Therefore, Oversight assumes there would be no local fiscal impact, without action by the city's governing body. Oversight will show no fiscal impact to state or local government.

Section 92.327 would increase the amount of transient guest tax from 6% to 7% and the tax on food from 13/4% to 2% provided the increase is approved by the voters. Oversight assumes this proposal does not mandate an increase in these taxes and would have no fiscal impact without action of the governing body with voter approval.

Section 620.467 Division of Tourism Supplemental Revenue Fund:

Oversight assumes based on a legal opinion, that Section 36 Article III, of the Missouri Constitution, provides that "all revenue collected and money received by the state shall go into the Treasury and the General Assembly shall have no power to divert the same or to permit the withdrawal of money from the treasury, except in pursuance of appropriations made by law." Section 28 of Article IV similarly provides that, "no money shall be withdrawn from the state treasury except by warrant drawn in accordance with an appropriation made by law." In addition, according to the State Treasurer, this proposal changes "the term "transfer" to deposit. It is the State Treasurer's opinion that the monies will still actually be transferred in from General Revenue and that this would still have to be an appropriated transfer from the General Revenue Fund." Officials assume that the Division of Tourism is currently initiating this transfer/deposit, and will continue to do so.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act authorizes the governing body of the City of Festus (Jefferson County) to place a question before the voters regarding imposition of a hotel-motel tax of between 2 and 5 percent for the promotion of tourism.

This act authorizes an increase to the hotel sales tax from 6 to 7 percent and the food sales tax from 1 3/4 to 2 percent for Poplar Bluff, Sikeston in Stoddard and Pemiscot counties. The increases must be approved by the voters of the jurisdiction. The revenue raised shall be for the purpose of funding tourism, international trade, and convention facilities.

This act allows cities with a population of less than one thousand five hundred inhabitants which have a tourism tax on transient guests to transfer forty percent of tourism funds into the city's general revenue fund and to transfer thirty-five percent into the capital improvements fund, pursuant to voter approval of the same. Under current law, twenty-five percent of the funds must be used for tourism marketing and promotional purposes. This change may only be done pursuant to voter approval.

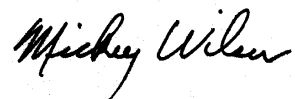
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

WB:LR:OD (12/01)

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Department of Revenue
Department of Economic Development- Division of Tourism
State Treasurer's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
May 13, 2002